

## DOUBLE TAXATION: SHIPPING PROFITS

*Exchange of notes at Washington February 29 and April 26, 1928, and April 2 and June 10, 1929*

*Entered into force June 10, 1929; operative from January 1, 1921  
Suspended January 1, 1953, for duration of convention of February 20, 1950*<sup>1</sup>

47 Stat. 2608; Executive Agreement Series 13

*The Greek Minister to the Secretary of State*

[TRANSLATION]

LEGATION OF GREECE  
WASHINGTON, February 29, 1928

The Minister of Greece, in presenting his most cordial compliments to His Excellency the Secretary of State, has the honor to inform him that he has been authorized by his Government to set on foot negotiations for the conclusion of an agreement relative to the exemption of nationals of both countries [from the income tax] on the profits derived from maritime enterprises, on the following years."

Greek law contains the following exemptions on this subject:

1. Article 30, paragraph 8 of Law No. 3338 of June 15, 1925:

"The ordinance in paragraph 7 of Article 3 of this law has retroactive effect with respect to the income tax of the years 1919-1920 up to 1924-1925, as well as that of excess profits of the year 1915 and the following years, and also with respect to the additional tax on corporations of the year 1921 and the following years."

2. The ordinance of Article 3, paragraph 7 of Law No. 3338 above mentioned, ends as follows:

"To Paragraph 3 of Article 18 of Law 1640 concerning the taxation of income there is added as the sixth case the following exemption. Sixth case: 'In virtue of reciprocity, profits made in Greece by vessels flying a foreign flag.'"

The two ordinances mentioned above guarantee the exemption of shipping concerns in virtue of reciprocity.

<sup>1</sup> 5 UST 47; TIAS 2902.

The income tax has been in force since 1919–1920, that is to say, since the date for which retroactive effect was stipulated in the law. The tax on excess profits was in force from 1915 until 1923, and the additional tax on corporations from 1921 until 1924.

HIS EXCELLENCY

MR. FRANK B. KELLOGG

*Secretary of State, etc., etc.*

*Washington, D.C.*

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*The Secretary of State to the Greek Minister*

DEPARTMENT OF STATE

WASHINGTON, *April 26, 1928*

The Secretary of State presents his compliments to the Greek Minister and has the honor to refer to the Minister's note of February 29, 1928 setting forth the provisions of the Greek income tax law exempting from taxation earnings made in Greece by ships flying a foreign flag.

The Secretary of State has the honor to inform the Greek Minister that before it can be determined whether these exemptions are equivalent to the exemptions that may be accorded by the United States under Section 213(b)(8) of the Revenue Acts of 1921 and 1924 it will be necessary for the appropriate authorities of the Government to be informed as to whether:

(a) during the years 1921–1924, inclusive, taxes have been collected by the Greek Government from the revenues of American citizens not residing in Greece or of corporations organized under the laws of the United States, derived from the operation of ships documented under the laws of the United States;

(b) the exemption provided in Article 3, Paragraph 7 of the Law, No. 3338 applies to the profits derived by a citizen of the United States not residing in Greece, and to corporations organized under the laws of the United States, or whether in the case of such citizen the exemption only applies if he resides in the United States;

(c) the exemption applies in cases where citizens of the United States or corporations organized under the laws of the United States maintain agencies, branch offices, or representatives in Greece, in connection with the operation of ships documented under the laws of the United States.

In this connection the Secretary of State has the honor to state that he has been informed by the appropriate authorities of the Government that if it is eventually determined that the pertinent exemptions in the Greek income tax law are equivalent to the exemption provision of Section 213(b)(8)

of the Revenue Acts of 1921 and 1924 it will be unnecessary for the United States to conclude any agreement with Greece relative to the exemption of earnings derived from the operation of ships documented under the laws of the two countries.

. . . if the Greek Minister will supply the additional information needed the appropriate authorities of the Government will be able to arrive at a definite decision with reference to the general question of the exemption of earnings made in the United States by ships flying the Greek flag.

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*The Greek Minister to the Secretary of State*

LEGATION OF GREECE,  
WASHINGTON, April 2, 1929

No. 422

The Minister of Greece presents his compliments to His Excellency the Secretary of State and, referring to the Department's Note of April 26, 1928, No. 811.512368 Shipping/4, has the honor to inform that the exemptions of the Greek law are equivalent to the exemptions that may be accorded by the United States under Section 213(B)(8) of the Revenue Acts of 1921 and 1924.

Concerning the Department's inquiry as to whether "A" during the years 1921-1924 inclusive, taxes have been collected by the Greek Government from the revenues of American citizens residing in Greece or of corporations organized under the laws of the United States, derived from the operation of ships documented under the laws of the United States, the Minister of Greece is authorized to state that for the years 1921-1924 inclusive, no taxes have been collected by the Greek Government from the revenues of American citizens whether residing in Greece or not, or of shipping corporations organized under the laws of the United States for revenues deriving from operation of American ships in Greece.

With regard to question "B" whether the exemption provided in Article 3, Paragraph 7 of the Law No. 3338 applies to the profits derived by citizens of the United States not residing in Greece, and to corporations organized under the laws of the United States or whether in the case of such citizens the exemption only applies if he resides in the United States, the Minister of Greece is authorized to state that the exemption provided in Article 3, Paragraph 7 of the Greek Law No. 3338 is applied on the profits derived by a citizen of the United States whether residing in Greece or not as well as to the shipping companies organized under the American laws.

As to question "C" whether the exemption applies in cases where citizens of the United States or corporations organized under the laws of the United States maintain agencies, branch offices, or representatives in Greece, in connection with the operation of ships documented under the laws of the United

States, the Minister of Greece is authorized to state that the exemption is applied generally not only for the American citizens and the American shipping enterprise but on the American ships in Greece.

Accordingly it is determined that the pertinent exemptions in the Greek Income Tax Law are equivalent to the exemption provisions of Section 213(b)(8) of the Revenue Acts of 1921 and 1924.

The Minister of Greece should be exceedingly obliged if His Excellency the Secretary of State were kind enough to arrive at a definite decision with reference to the general question of exemption of earnings made in the United States by ships flying the Greek flag on the basis of reciprocity and in case that an agreement on this matter would be necessary the Minister of Greece is duly authorized to sign it.

HIS EXCELLENCY

MR. HENRY L. STIMSON,  
*Secretary of State, etc., etc.,  
Washington, D.C.*

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*The Secretary of State to the Greek Minister*

DEPARTMENT OF STATE

WASHINGTON, June 10, 1929

The Secretary of State presents his compliments to the Minister of Greece and has the honor to inform the Minister, with reference to his note No. 422 of April 2, 1929, relative to the provisions of the Greek net income tax law whereby ships flying a foreign flag may be exempted from taxation on the profits made in Greece, that the Secretary of the Treasury has notified the Department of State as follows:

"Inasmuch as Greece has not taxed the income of a citizen of the United States not residing in Greece and of a corporation organized in the United States derived from the operation of ships flying the American flag from 1921 and does not tax such income under the present law, Greece satisfies the equivalent exemption provisions of section 213(b)(8) of the Revenue Acts of 1921, 1924, and 1926 and sections 212(b) and 231(b) of the Revenue Act of 1928. It is held, therefore, that the income of a nonresident alien individual and a foreign corporation from sources within the United States which consists exclusively of earnings derived from the operation of a ship or ships documented under the laws of Greece is not required to be included in gross income and is exempt from income, excess-profits and war-profits taxes for 1921 and subsequent years. If any tax on such income has been paid it will be refunded upon proper claims therefor being made by taxpayers who are entitled to the exemption, provided the period of limitation for making refunds has not expired."